

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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IN RE:

Chapter 11

MOTORS LIQUIDATION COMPANY, *et al.*,
f/k/a General Motors Corp., *et al.*,

Case No. 09-50026 (REG)

Debtors.

(Jointly Administered)
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STIPULATION AND AGREED ORDER

It is hereby stipulated and agreed by Motors Liquidation Company (f/k/a General Motors Corporation) (“**MLC**”) and its affiliated debtors, as debtors in possession (collectively, “**Debtors**”), by their attorneys, Weil, Gotshal & Manges LLP; General Motors Company and General Motors LLC (collectively, “**New GM**”), by its attorneys, Kirkland & Ellis LLP; and the United States of America, on behalf of the Internal Revenue Service (the “**Government**”), by its attorney, Preet Bharara, United States Attorney for the Southern District of New York, as follows:

WHEREAS, on June 1, 2009, and October 9, 2009, Debtors filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code;

WHEREAS, on or about November 18, 2009, the Internal Revenue Service (“**IRS**”) filed the following proofs of claim against debtors MLC of Harlem, Inc., MLCS Distribution Corporation, MLCS, LLC, and Motors Liquidation Company:

Claim No.	Debtor	Secured	Unsecured Priority	Unsecured General	Total
31233	MLC of Harlem, Inc.		\$ 207,591.52		\$ 207,591.52
31234	MLCS Distribution Corp.		\$11,403,886.17	\$475,219,982.21	\$486,623,868.38
31235	MLCS, LLC		\$11,408,268.17	\$475,219,982.21	\$486,628,250.38
31236	Motors Liquidation Co.	\$30,666,460.47	\$11,613,886.17	\$445,258,112.19	\$487,538,458.83

WHEREAS, on or about January 25, 2010, the IRS filed the following proofs of claim against debtors Remediation and Liability Management Company, Inc. (“**REALM**”) and Environmental Corporation Remediation Company, Inc. (“**ENCORE**”):

Claim No.	Debtor	Secured	Unsecured Priority	Unsecured General	Total
69877	REALM		\$11,462,133.48	\$485,352,757.41	\$496,814,890.89
69878	ENCORE		\$11,462,133.48	\$485,352,757.41	\$496,814,890.89

WHEREAS, on or about March 17, 2010, the IRS filed the following proofs of claim, which amended and superseded proofs of claim nos. 31233, 31234, 31235, 31236, 69877, and 69878:

Claim No.	Amends/ Supersedes	Debtor	Secured	Unsecured Priority	Unsecured General	Total
70162	31235	MLCS, LLC	\$5,232,155.31			\$5,232,155.31
70163	69878	ENCORE	\$5,232,073.31			\$5,232,073.31
70164	69877	REALM	\$5,232,073.31			\$5,232,073.31
70165	31234	MLCS Distribution Corp.	\$5,232,073.31			\$5,232,073.31
70166	31233	MLC of Harlem, Inc.	\$4,909,607.90			\$4,909,607.90
70167	31236	Motors Liquidation Co.	\$6,136,663.76			\$6,136,663.76

WHEREAS, on May 6, 2010, Debtors filed their Fifteenth Omnibus Objection to Claims (Amended and Superseded Claims) [Docket # 5731] (the “**Fifteenth Omnibus Objection**”), in which they sought, *inter alia*, an Order disallowing and expunging proofs of claim nos. 31234, 31235, 31236, 69877, and 69878, on the ground that these IRS claims had been amended and superseded by IRS proofs of claim nos. 70165, 70162, 70167, 70164, and 70163, respectively;

WHEREAS, on May 27, 2010, Debtors filed their Seventeenth Omnibus Objection to Claims (Tax Claims Assumed by General Motors, LLC) [Docket # 5908] (the “**Seventeenth Omnibus Objection**”), in which they seek, *inter alia*, an Order disallowing and expunging proofs of claim nos. 70162, 70163, 70164, 70165, 70166, 70167, and 31233 on the ground that

these IRS claims are related to tax liabilities that have been assumed by New GM pursuant to the terms of that certain Amended and Restated Master Sale and Purchase Agreement (the “**Master Purchase Agreement**”), dated as of June 26, 2009, by and among General Motors Corporation, Saturn LLC, Saturn Distribution Corporation, Chevrolet-Saturn of Harlem, Inc., and New GM;

WHEREAS, by Stipulation and Agreed Order dated August 9, 2010 [Docket # 6592], the Government agreed to withdraw IRS proofs of claim nos. 31234, 31235, 31236, 69877, and 69878 (collectively, the “**Withdrawn Claims**”) from the claims register of this proceeding, the Debtors agreed to withdraw their Fifteenth Omnibus Objection to these claims, and the parties agreed that their agreement would have no effect on IRS proofs of claim that were the subject of the Seventeenth Omnibus Objection; and

WHEREAS, on or about November 30, 2010, the IRS filed the following proofs of claim, seeking to amend and supersede the Withdrawn Claims:

Claim No.	Amends/ Supersedes	Debtor	Secured	Unsecured Priority	Unsecured General	Total
70502	69877	REALM	\$ 2,681,954.41			\$ 2,681,954.41
70503	69878	ENCORE	\$ 2,681,954.41			\$ 2,681,954.41
70505	31235	MLCS, LLC	\$ 2,681,936.41			\$ 2,681,936.41
70506	31234	MLCS Distribution Corp.	\$ 2,681,954.41			\$ 2,681,954.41
70507	31236	Motors Liquidation Co.	\$ 3,385,586.81			\$ 3,385,586.81
70512	31233	MLC of Harlem, Inc.	\$ 2,359,489.00			\$ 2,359,489.00

WHEREAS, on January 27, 2011, Debtors filed their 205th Omnibus Objection to Claims (Tax Claims Assumed by General Motors, LLC) [Docket # 8924] (the “**205th Omnibus Objection**”), in which they seek, *inter alia*, an Order disallowing and expunging proofs of claim nos. 70502, 70503, 70505, 70506, 70507, and 70512 on the ground that these IRS claims are related to tax liabilities that have been assumed by New GM pursuant to the terms of the Master Purchase Agreement.

IT IS HEREBY STIPULATED AND AGREED between Debtors, New GM, and the Government, by their respective counsel, as follows:

1. Debtors hereby withdraw their objections in the Seventeenth Omnibus Objection to IRS proofs of claim nos. 70162, 70163, 70164, 70165, 70166, 70167, and 31233.

2. Debtors hereby withdraw their objections in the 205th Omnibus Objection to IRS proofs of claim nos. 70502, 70503, 70505, 70506, 70507, and 70512.

3. The IRS hereby withdraws proofs of claim nos. 70162, 70163, 70164, 70165, 70166, 70167, and 31233 from the claims register of this proceeding.

4. The IRS hereby withdraws proofs of claim nos. 70502, 70503, 70505, 70506, 70507, and 70512 (the “**Proofs of Claim**”) from the claims register of this proceeding.

5. New GM agrees that, pursuant and subject to the terms of the Master Purchase Agreement, it has assumed the type of tax liabilities associated with the Proofs of Claim (the “**Assumed Tax Liabilities**”).

6. New GM and the Government reserve all of their statutory, judicial and administrative rights with respect to the Assumed Tax Liabilities. New GM stands in the shoes of the Debtors for all purposes with respect to the Assumed Tax Liabilities, and the Government agrees that New GM retains the right to dispute the amount and type of the Assumed Tax Liabilities. The IRS’s withdrawal of the Proofs of Claim pursuant to this Stipulation and Agreed Order shall not provide a basis for New GM to challenge or disclaim its assumption of the Assumed Tax Liabilities.

7. New GM, Debtors, and the Government reserve all of their respective rights with respect to any right of setoff or counterclaim(s) held by the Government pursuant to 11 U.S.C. § 553 or other applicable law. Nothing in this Stipulation and Agreed Order shall discharge,

release or otherwise preclude any valid right of setoff or recoupment that the Government, its agencies, departments or agents may have (the “**Government’s Setoff and Recoupment Rights**”).

8. Debtors agree that pursuant to the Master Purchase Agreement, they transferred to New GM their interest in the tax refund action *General Motors Corporation & Saturn Corporation v. United States of America*, No. 2:07-cv-14464-VAR-SDP, pending in the United States District Court for the Eastern District of Michigan (the “**GM FICA Action**”), and accordingly hereby expressly disclaim an interest in any proceeds of the GM FICA Action, whether those proceeds arise from a judgment in favor of the plaintiffs or a settlement. Any proceeds arising out of the GM FICA Action shall accrue to New GM, and nothing in this Stipulation and Agreed Order shall discharge, release, or otherwise preclude the Government’s Setoff and Recoupment Rights with respect to those proceeds.

9. This Stipulation is subject to approval by the Court. In the event the Court declines to approve this Stipulation, it shall be null and void, with no effect.

[signature page follows]

Stipulated and Agreed:

WEIL, GOTSHAL & MANGES LLP

PREET BHARARA

United States Attorney for the
Southern District of New York

By: /s/ Joseph H. Smolinsky

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Dated: February 28, 2011

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Dated: February 28, 2011

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Attorneys for General Motors Company

Dated: February 28, 2011

SO ORDERED THIS 4th DAY OF March, 2011.

Robert E. Gerber

HON. ROBERT E. GERBER
United States Bankruptcy Judge